

MULTIMEDIA



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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

BAC2654 – PUBLIC SECTOR ACCOUNTING
(All sections / Groups)

30 MAY 2018
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

- (a) This question paper consists of **THREE** printed pages excluding cover page with **FOUR** questions only.
- (b) Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
- (c) Write your answers in the Answer Booklet provided.

QUESTION 1

Budget is an authorized financial plan of the anticipated revenues and expenditures of the government's organization. Government accounting is driven by the budgeting system (Fatimah, 2015).

Required:

- (a) Briefly explain **FOUR** types of budgetary control. (8 marks)
- (b) Discuss **THREE** advantages of budgetary control. (6 marks)
- (c) National expenditure is one of the components in budget. Briefly explain the components of national expenditure. (4 marks)
- (d) Discuss the principles of designing Outcome Based Budgeting (OBB) based on Treasury Circular No.2 Year 2012. (7 marks)

[TOTAL 25 MARKS]**QUESTION 2**

Financial reporting for government involves reporting on government's financial condition and its financial performance. Public sector agencies are required to disclose to the users their resources and obligations (Fatimah, 2015).

Required:

- (a) Explain **THREE** related legal requirements for financial reporting in the public sector. (6 marks)
- (b) Discuss **THREE** elements of disclosure in the Notes to Financial Statements with regards to accounting policies and practices. (6 marks)
- (c) Explain **FOUR** accounting basis adopted in the public sector. (8 marks)
- (d) Explain the objectives of financial reporting. (5 marks)

[TOTAL 25 MARKS]**Continued...**

QUESTION 3

2016 Auditor-General's report still contains element of corruption – AG

IPOH: The Auditor-General's Report 2016 Series 1 scheduled to be tabled in Parliament end of the month still contained findings on negligence, indiscipline, misappropriation, power abuse, corruption and misconduct among civil servants.

Auditor-General Tan Sri Dr Madinah Mohamad said all the audit findings had been reported to officers at the affected agencies.

“A fair and balanced report will be tabled in Parliament with the aim of ensuring management accountability.

“The report is proof and responsibility of government departments and agencies in addressing corruption and abuse of public funds,” she said in her speech at the conference of state secretaries on action against issues raised in the Auditor-General's Report here today.

The conference was opened by Perak Menteri Besar Datuk Seri Dr Zambry Abd Kadir.

Madinah said the conference was held to ensure effectiveness of state departments and agencies in resolving punitive issues. Meanwhile, Zambry said the two-day conference provided the best platform to forge closer cooperation between the National Audit Department and the states.

The Perak government, he said, viewed seriously all criticisms by the National Audit Department, as well as the state internal auditor, towards improving the state's delivery system. He said proactive measures taken by the Perak government in collecting arrests in tax payment, including by the Land and Mines office were praised by Prime Minister Datuk Seri Najib Razak.

“Through the Menteri Besar Incorporated, which was reactivated in 2012, Perak was able to manage its mineral revenue more effectively, as well as reduce many leakages,” he added.

(Source: The New Straits Times, 17 July 2017)

Required:

- (a) Explain **THREE** powers of Auditor General according to Section 7 of the Audit Act 1957. (3 marks)
- (b) Compare the nature of assertions, established criteria and nature of Auditor's report for all types of audits. (10 marks)
- (c) In relation to the above situation, discuss **THREE** key challenges in public sector audit. (12 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 4

Every accounting officer in public sector organization is expected to ensure that accounts are maintained in an orderly manner and with integrity, that is, in accordance with the applicable laws and regulations.

Required:

- (a) Discuss the **THREE** types of accountability. (6 marks)
- (b) Explain how Financial Management Accountability Index (FMAI) can help to enhance accountability. (10 marks)
- (c) Discuss **THREE** challenges in achieving accountability and recommend solutions in managing challenges concerning accountability. (9 marks)

[TOTAL 25 MARKS]**End of Paper**

